

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 2577

INFO AMEMBASSY CANBERRA IMMEDIATE

AMEMBASSY BANGKOK

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 1687

CANBERRA FOR U.S. CIVAIR DELEGATION

EO 11652: GDS

TAGS: EAIR ID

SUBJECT: U.S.-INDONESIA CIVAIR NEGOTIATIONS

REFS: (A) JAKARTA 1326, (B) JAKARTA 1343, (C) JAKARTA 1344

1. SUMMARY: BACKGROUND TO INDONESIAN POSITION IN RECENT CIVIL AIR DISCUSSIONS IS COMBINATION OF NATIONAL PRIDE, OFFENSE AT "BIG POWER" TACTICS, SENSITIVITY TO CURRENT POLITICAL CLIMATE, AND PRIORITY GIVEN TO INSURING RECIPROCAL ARRANGEMENTS IN ASIA. PANAM CARGO FLIGHT AND REQUEST FOR INCREASED FREQUENCIES AND FIFTH FREEDOM ALL EFFECTED. IF WAY TO AGREEMENT CANNOT BE FOUND, GOI PREPARED CANCEL U.S. CIVIL AIR AGREEMENT. FOLLOWING RECENT DISCUSSIONS, MINISTER ASSUMES PERMISSION FOR GARUDA FLIGHT TO U.S. IN JEOPARDY AND IS NOT CURRENTLY PLANNING SEND DELEGATION TO HEARINGS SCHEDULED FEBRUARY 9. END SUMMARY.

2. IN PRIVATE LUNCH FEBRUARY 5, MINISTER COMMUNICATIONS

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EMIL SALIM EXPLAINED TO ME HIS FEELINGS AND POLICIES

ARISING FROM RECENT AIR DISCUSSIONS WITH U.S.

3. HE BEGAN BY EXPRESSING DISAPPOINTMENT IN "TONE" OF DISCUSSIONS IN WHICH HE SAID U.S. DELEGATION APPEARED LESS UNDERSTANDING OF INDONESIAN PROBLEMS THAN DURING EARLIER DISCUSSIONS IN WASHINGTON. REFERRING TO "BIG POWER ATTITUDE" HE SAID APPROACH APPEARED TO BE THAT BE- CAUSE OF RESPECTIVE SIZES OF COUNTRIES, INDONESIA HAD TO BE PLACED IN INFERIOR POSITION. HE CITED AS EXAMPLE PROPOSAL THAT FOR FOUR U.S. FREQUENCIES TO INDONESIA, U.S. COULD GIVE GARUDA ONLY TWO TO U.S. HE SAID NOT ONLY WAS NATIONAL PRIDE AT STAKE, BUT GAVE RECENT CRITI- CISM OF GOVERNMENT FOR BEING TOO SUBSERVIENT TO IGGI COUNTRIES AS INDICATION POLITICAL FACTORS ALSO INVOLVED.

4. TYPICAL EXAMPLE HE SAID RELATED TO RECENT PANAM NOTIFICATION REGARDING CARGO FLIGHT. GARUDA, WHICH HAD RIGHT UNDER AGREEMENT TO FLY TO U.S., WAS TOLD THEY WOULD HAVE TO WAIT ONE YEAR FOR PRIVILEGE. U.S. FILES FOR NEW SERVICE WITH ONLY FEW DAYS NOTICE. INDONESIA WILL NOT STAND FOR THIS KIND OF UNEQUAL TREATMENT. FURTHERMORE, GARUDA, IF IT FLIES DC-10 TO U.S., WILL HAVE SUBSTANTIAL CARGO CAPACITY SERVICE AND WANTS TO DISCUSS SITUATION WITH ITS OWN CAPACITIES IN MIND. U.S. MAY PROTEST INDONESIAN REFUSAL TO PERMIT CARGO FLIGHT, BUT IN VIEW OF INEQUITIES, PROTEST WOULD BE "MORALLY WRONG."

5. SALIM THEN SAID THAT INDONESIA, LIKE MOST OTHER COUNTRIES, NO LONGER ACCEPTED BASIC APPROACH OF BERMUDA PRINCIPLES GOI AVIATION POLICY IS BASED FIRST IN IN- SURING EQUAL OPPORTUNITY FOR INDONESIAN CARRIERS IN ASIAN CORRIDOR FROM TOKYO TO AUSTRALIA THROUGH HONG KONG, SINGAPORE AND JAKARTA. IN THIS CORRIDOR GARUDA FACES CUTRATE COMPETITION OF NON-IATA CARRIERS. ONLY WAY TO PROTECT GARUDA IS TO SIGN FULLY RECIPROCAL AGREEMENTS WITH GOVERNMENTS CONCERNED, WITH THIRD AND FOURTH FREEDOMS. BECAUSE THERE IS BARELY ENOUGH TRAFFIC TO SUPPORT SUCH ARRANGEMENTS, THERE IS NO ROOM FOR THIRD PARTY. INDONESIA RECENTLY CAME TO AGREEMENT WITH JAPAN. ALTHOUGH CONFIDENTIAL

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BECAUSE OF LACK OF GARUDA EQUIPMENT JAPAN HAS TWO FLIGHTS TO INDONESIA'S ONE, THEY HAVE FIFTH FREEDOM ONLY ON RECIPROCAL BASIS. INDONESIA WANTS ROUTE TO U.S. BUT ASIA IS ITS FIRST PRIORITY AND IF U.S. ROUTE HAS TO BE SACRIFICED ON ORDER TO ACHIEVE OBJECTIVES IN ASIA, SO BE IT.

6. WITH RESPECT TO FIFTH FREEDOM FOR U.S., SALIM SAID

U.S. CARRIER CURRENTLY ONLY ONE SERVING INDONESIA WITH FIFTH FREEDOM RIGHTS NOT ON FULLY RECIPROCAL BASIS. INDONESIA PREPARED PROVIDE CONTINUING FIFTH FREEDOM RIGHTS TO PANAM FOR ONLY ONE FREQUENCY HONG KONG, DENPASAR, SYDNEY AND RETURN. FOR THIS, HOWEVER, INDONESIA WILL WANT A PRICE. SALIM CONTINUED THAT AUSTRALIA AND INDONESIA HAD COMMON INTERESTS AND HE DOUBTED U.S. NEGOTIATORS IN AUSTRALIA WOULD ACHIEVE VERY MUCH. AUSTRALIA HAS ASKED HIM ABOUT NEGOTIATIONS WITH U.S. HE HAD REPLIED THAT THERE HAD BEEN NO RESULTS AND TO REINFORCE THIS HE HAD ISSUED PRESS RELEASE THAT NEGOTIATIONS BEING MOVED TO "HIGHER LEVEL." ULTIMATELY, HE SAID, INDONESIA AND AUSTRALIA WILL HAVE SEVEN RECIPROCAL FREQUENCIES WEEKLY WITH AUSTRALIA ALTERNATING BETWEEN JAKARTA AND DENPASAR WHILE GARUDA WILL SERVE BOTH ON EACH FREQUENCY.

7. IN RESPONSE TO SALIM'S EXPLANATION, I SAID IT IS IMPORTANT THAT AT TIME WHEN PROBLEMS EXIST IN CONGRESS AND THERE IS SOME UNCERTAINTY ABOUT INVESTMENT CLIMATE IN INDONESIA THAT WE MUTUALLY TRY TO AVOID ABRUPT ACTIONS OR CANCELLATIONS. U.S. CIVIL AVIATION POLICY HAS TO TAKE WORLDWIDE CONSIDERATIONS INTO ACCOUNT AS WELL AS CONGRESSIONAL SENTIMENTS. WE FELT AGREEMENT EXISTED AND THAT WE HAD RIGHTS TO REQUEST CHANGES AND EXTENSIONS PROVIDED FOR IN AGREEMENT. WE COULD NOT ACCEPT THAT PREVIOUS ABSENCES OF DIPLOMATIC PROTESTS SIGNALLED OUR ACQUIESCENCE IN ACTIONS NOT IN ACCORDANCE WITH AGREEMENT. I WELCOMED HIS FRANK EXPLANATION OF AVIATION POLICY AND WOULD REPORT TO WASHINGTON TO SEE WHAT FURTHER STEPS MIGHT BE POSSIBLE.

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INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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8. SALIM REPLIED THAT HE HAD PRESIDENT'S BACKING IN THIS POLICY AND THAT IF SOME AGREEMENT COULD NOT BE REACHED SOON, HE WOULD RECOMMEND NOTIFYING US OF THEIR DESIRE TO CANCEL AGREEMENT. HE WAS HOLDING UP SENDING DELEGATION FOR HEARINGS SCHEDULED FEBRUARY 9 ON GARUDA'S APPLICATION BECAUSE HE FELT WHOLE PROJECT IN DOUBT.

9. COMMENT: POSITION WE HAVE ADOPTED IN RECENT CIVIL AVIATION TALKS HAS OBVIOUSLY TOUCHED SENSITIVE NERVE IN MINISTER OF COMMUNICATION. HE IS PREPARED TO NEGOTIATE NEW AGREEMENT BUT IS NOT PREPARED TO OPERATE UNDER PRESENT AGREEMENT WITHOUT MODIFICATION HE WAS NOT SPECIFIC ON WHAT "PRICE" HE MIGHT WANT FOR FIFTH FREEDOM RIGHTS INTO DENPASAR. OBVIOUSLY PROMOTION PANAM IS CURRENTLY DOING FOR BALI IS NOT ENOUGH.

10. WHILE I APPRECIATE THERE ARE WIDER CONSIDERATIONS, I BELIEVE THAT POLITICAL CLIMATE HERE AND PERSONALITY OF EMIL SALIM DICTATE THAT WE MODIFY OUR STANCE SOMEWHAT.
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SPECIFICALLY, I SUGGEST THAT:

- (A) WE HOLD UP ON PROTEST OVER CANCELLATION CARGO FLIGHT;
- (B) I BE AUTHORIZED INFORM SALIM GARUDA APPLICATION STILL ACTIVE AND HE SOULD SEND DELEGATION FOR HEARINGS;
- (C) THAT WE RESUBMIT REQUEST FOR GUAM, JAKARTA, GUAM FLIGHTS IN PLACE OF HONG KONG, JAKARTA, AUSTRALIA FREQUENCIES;
- (D) THAT WE PROPOSE CONTINUATION OF TWO HONG KONG, DENPASAR, SYDNEY FREQUENCIES WITH FIFTH FREEDOMS WHILE FURTHER DISCUSSIONS IN PROGRESS;
- (E) THAT WE INDICATE THAT WE ARE PREPARED TO ACCEPT GARUDA SERVICE TO U.S. ON RECIPROCAL CAPACITY BASIS AT SUCH TIME AS INDONESIA HAS EQUIPMENT TO DO SO;
- (F) THAT WE SET ASIDE FORMAL CONSIDERATION OF NEW AGREEMENT OR FATE OF PRESENT AGREEMENT UNTIL FOREGOING OPERATING PROBLEMS CAN BE RESOLVED.

11. IF WE DESIRE PUT BOTH BASIS AND ATMOSPHERE OF OUR

CIVIL AVIATION RELATIONS ON SOUNDER FOOTING, FOREGOING
STEPS, I BELIEVE, HELP TO DO SO.
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